



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0406	Title:	Montana community health center support
Primary Sponsor:	Clark, Edith	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
Expenditures:				
General Fund	\$2,004,426	\$2,004,426	\$2,004,537	\$2,004,650
State Special Revenue	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Federal Special Revenue	\$0	\$99,346	\$204,652	\$210,792
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Federal Special Revenue	\$0	\$99,346	\$204,652	\$210,792
Net Impact-General Fund Balance	<u>(\$2,004,426)</u>	<u>(\$2,004,426)</u>	<u>(\$2,004,537)</u>	<u>(\$2,004,650)</u>

Description of fiscal impact:

This bill establishes a grant program for community health centers and provides a \$2,000,000 each year appropriations.

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services

1. Section 10 of this bill, transfers \$2,000,000 each year of the biennium from the general fund to state special revenue account defined in Section 9.
2. The state special revenue account is appropriated in Section 9.
3. Funding included in the section bill terminates June 30, 2009. For this fiscal note, it is assumed that the level of funding limited for this biennium will be renewed at the \$2,000,000 per year level for the next biennium.
4. Proposed funding will provide approximately 16,800 additional primary care visits per year.
5. In 2005, 16% of Federally Qualified Community Health Centers patients were Medicaid. Hence, an estimated 2,688 (16,800 additional visits x 16%) in additional visits will be for Medicaid clients.

6. The average Medicaid reimbursement per visit during FY 2007 is \$101.70.
7. The total impact of the additional services in FY 2007, if Community Health Centers had the capacity for these addition services would be \$273,370 (2,688 visits x \$101.70 average cost per visit).
8. Growth is projected by the Medicare Economic Index (MEI) which has averaged 3%.
9. The total estimated amount of community health center services in subsequent years is:
 - a. \$281,571 in FY 2008 (\$273,370 x 3%)
 - b. \$290,018 in FY 2009 (\$281,571 x 3%)
 - c. \$298,718 in FY 2010 (\$290,018 x 3%)
 - d. \$307,680 in FY 2011 (\$298,718 x 3%)
10. It is expected that the additional capacity from the newly created Community Health Centers will not be available until January 2009; therefore costs to the Medicaid program are not anticipated until half way through FY 2009 and then the full year in 2010 & 2011.
11. The effect on funds is based on a Federal Medical Assistance Percentages (FMAP) of 68.61% in FY 2008, and 68.51% in FY 2009 through FY2011. The yearly breakdown is as follows:

	Annual Impact	General Fund (GF) Percentage Rate	General Funds Annual Impact X General Fund %	Federal Medical Assistance Percentage (FMAP) rate	Federal Funds Annual impact X FMAP %
FY 08	0	31.39%	0	68.61%	0
FY 09	145,009	31.49%	45,663	68.51%	99,346
FY 10	298,718	31.49%	94,066	68.51%	204,652
FY 11	307,680	31.49%	96,888	68.51%	210,792

12. Legislative members of the advisory group would be compensated at a grade 10 hourly rate of \$10.7465 rate. All other members compensated at \$25 per day.
13. The Department of Public Health and Human Services (DPHHS) estimates two meeting per year for expenditures totaling \$4,426 in FY 2008 & FY 2009, with a 2.5% increase in FY 2010, \$4,537, and a 2.5% increase in FY 2011, \$4,650. These costs include compensation, travel, lodging, and meals.
14. Three new non-federally funded community Health Centers will be started each year, or will be on going until federal funding is obtained, at \$500,000 per center.
15. One capital expansion grant of \$500,000 per center will be provided each year.
16. Funding of \$2,000,000 per year in the 2009 biennium for items 14 and 15 is provided in section 10 of the bill and will be expended from the state special revenue account.
17. Funding for support of the advisory group was not included in the appropriation of Section 10 or identified for use in the fund established by Section 9 and will be funded with general fund.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Operating Expenses	\$4,426	\$4,426	\$4,537	\$4,650
Benefits	\$2,000,000	\$2,099,346	\$2,204,652	\$2,210,792
Transfers	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
TOTAL Expenditures	<u>\$4,004,426</u>	<u>\$4,103,772</u>	<u>\$4,209,189</u>	<u>\$4,215,442</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$2,004,426	\$2,004,426	\$2,004,537	\$2,004,650
State Special Revenue (02)	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Federal Special Revenue (03)	\$0	\$99,346	\$204,652	\$210,792
Other	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$4,004,426</u>	<u>\$4,103,772</u>	<u>\$4,209,189</u>	<u>\$4,215,442</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Federal Special Revenue (03)	\$0	\$99,346	\$204,652	\$210,792
TOTAL Revenues	<u>\$2,000,000</u>	<u>\$2,099,346</u>	<u>\$2,204,652</u>	<u>\$2,210,792</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$2,004,426)	(\$2,004,426)	(\$2,004,537)	(\$2,004,650)
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Notes:

Federal funding for new or expanded Community Health Centers (CHC) is not guaranteed. Communities must apply for and be approved to receive federal funding. Potentially, the state would be responsible in perpetuity if the CHC did not receive federal approval and funding.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date